

# HOUSE BILL No. 1661

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3; IC 24-2-1.

**Synopsis:** Trademarks, service marks, and patents. Exempts income from adjusted gross income taxation that is derived from a qualified patent issued to a taxpayer domiciled in Indiana. Requires that a qualified patent must have resulted from a development process conducted in Indiana. Provides that a taxpayer may not claim more than \$5,000,000 in exemptions in a taxable year. Provides that a taxpayer may not claim an exemption for income derived from a particular qualified patent for more than five years. Establishes that a color mark, scent mark, flavor mark, sound mark, or three dimensional mark may be registered if the mark meets certain conditions. Provides that a person may file an application to register a trademark or service mark if the person has a bona fide intention to use the mark and certain requirements are met. Requires a court to award attorney's fees to a prevailing party in certain actions concerning marks. Removes: (1) trade names from the trademark law; and (2) the requirement that the secretary of state may require an applicant to provide information on whether the trademark or service mark has been filed in the United States Patent and Trademark Office.

**Effective:** July 1, 2007; January 1, 2008.

---

---

**Austin, Reske**

---

---

January 23, 2007, read first time and referred to Committee on Ways and Means.

---

---

C  
o  
p  
y



First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

## HOUSE BILL No. 1661

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.184-2006,  
2 SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 24,  
3 IS CORRECTED AND AMENDED TO READ AS FOLLOWS  
4 [EFFECTIVE JANUARY 1, 2008]: Sec. 3.5. When used in this article,  
5 the term "adjusted gross income" shall mean the following:  
6 (a) In the case of all individuals, "adjusted gross income" (as  
7 defined in Section 62 of the Internal Revenue Code), modified as  
8 follows:  
9 (1) Subtract income that is exempt from taxation under this article  
10 by the Constitution and statutes of the United States.  
11 (2) Add an amount equal to any deduction or deductions allowed  
12 or allowable pursuant to Section 62 of the Internal Revenue Code  
13 for taxes based on or measured by income and levied at the state  
14 level by any state of the United States.  
15 (3) Subtract one thousand dollars (\$1,000), or in the case of a  
16 joint return filed by a husband and wife, subtract for each spouse  
17 one thousand dollars (\$1,000).



C  
o  
p  
y

- (4) Subtract one thousand dollars (\$1,000) for:
- (A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;
  - (B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and
  - (C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.
- (5) Subtract:
- (A) *for taxable years beginning after December 31, 2004*, one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code ~~for taxable years beginning after December 31, 1996~~ *(as effective January 1, 2004)*; and
  - (B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).
- This amount is in addition to the amount subtracted under subdivision (4).
- (6) Subtract an amount equal to the lesser of:
- (A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or
  - (B) two thousand dollars (\$2,000).
- (7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.
- (8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.
- (9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement

C  
o  
p  
y



annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11

**C  
o  
p  
y**



terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(20) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(21) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(22) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

**(23) Subtract income that is:**

**(A) exempt from taxation under IC 6-3-2-21; and**

**(B) included in the individual's taxable income under the Internal Revenue Code.**

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

C  
o  
p  
y



(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

*(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.*

**(10) Subtract income that is:**

**(A) exempt from taxation under IC 6-3-2-21; and**

**(B) included in the corporation's taxable income under the Internal Revenue Code.**

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article

C  
o  
p  
y



by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

**(9) Subtract income that is:**

**(A) exempt from taxation under IC 6-3-2-21; and**

**(B) included in the insurance company's taxable income under the Internal Revenue Code.**

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

C  
o  
p  
y



(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

**(9) Subtract income that is:**

**(A) exempt from taxation under IC 6-3-2-21; and**

**(B) included in the insurance company's taxable income under the Internal Revenue Code.**

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

C  
o  
p  
y





(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

**(7) Subtract income that is:**

**(A) exempt from taxation under IC 6-3-2-21; and**

**(B) included in the taxpayer's taxable income under the Internal Revenue Code.**

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for

C  
o  
p  
y



property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP FOUR amount and two thousand five hundred dollars (\$2,500).

SECTION 2. IC 6-3-2-21 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 21. (a) As used in this section, "invention" has the meaning set forth in 35 U.S.C. 100(a).**

**(b) As used in this section, "qualified patent" means:**

- (1) a utility patent issued under 35 U.S.C. 101; or**
- (2) a plant patent issued under 35 U.S.C. 161;**

**after December 31, 2007, for an invention resulting from a development process conducted in Indiana. The term does not include a design patent issued under 35 U.S.C. 171.**

**(c) As used in this section, "qualified taxpayer" means a taxpayer that is domiciled in Indiana. However, the term does not include an institution of higher learning or a holding company.**

**(d) Subject to subsections (e) and (f), in determining adjusted gross income or taxable income under IC 6-3-1-3.5, a qualified taxpayer to whom a qualified patent has been issued is entitled to an exemption from taxation under IC 6-3-1 through IC 6-3-7 for the following:**

- (1) Income derived from making, using, or selling an invention protected by the qualified patent.**
- (2) Royalties received from an assignment or license of the qualified patent.**
- (3) Damage awards or settlement proceeds recovered for infringement of the qualified patent.**

**(e) The total amount of exemptions claimed under this section by a qualified taxpayer in a taxable year may not exceed five million dollars (\$5,000,000).**

**(f) A taxpayer may not claim an exemption under this section with respect to a particular qualified patent for more than five (5) taxable years.**

**(g) To receive the exemption provided by this section, a qualified**

**C  
o  
p  
y**



1 taxpayer must claim the exemption on the qualified taxpayer's  
 2 annual state tax return or returns in the manner prescribed by the  
 3 department. The qualified taxpayer shall submit to the department  
 4 all information that the department determines is necessary for the  
 5 determination of the exemption provided by this section.

6 (h) The department of state revenue may adopt rules and  
 7 prescribe forms to implement this section.

8 SECTION 3. IC 24-2-1-2, AS AMENDED BY P.L.135-2006,  
 9 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 10 JULY 1, 2007]: Sec. 2. The following definitions apply throughout this  
 11 chapter:

12 (1) "Abandoned" means either of the following:

13 (A) The person who owns the mark has discontinued use of the  
 14 mark and does not intend to resume use of the mark. A  
 15 person's intent not to resume use of the mark may be inferred  
 16 from the circumstances. Three (3) consecutive years without  
 17 use of a mark constitutes prima facie evidence that the use of  
 18 the mark has been abandoned.

19 (B) The conduct of the owner, including an act or omission,  
 20 has caused the mark to lose its significance as a mark.

21 (2) "Applicant" means a person who files an application for  
 22 registration of a mark under this chapter and the legal  
 23 representatives, successors, or assigns of the person.

24 (3) "Dilution" means the lessening of the capacity of a famous  
 25 mark to identify and distinguish goods or services, regardless of  
 26 the presence or absence of:

27 (A) competition between the owner of the famous mark and  
 28 other parties; or

29 (B) the likelihood of confusion, mistake, or deception.

30 (4) "Mark" means a trademark or service mark that is entitled to  
 31 registration under this chapter, whether the mark is registered or  
 32 not.

33 (5) "Person" means:

34 (A) a human being;

35 (B) a corporation;

36 (C) a partnership;

37 (D) a limited liability company; or

38 (E) any other entity or organization:

39 (i) capable of suing and being sued in a court of law;

40 (ii) entitled to a benefit or privilege under this chapter; or

41 (iii) rendered liable under this chapter.

42 (6) "Prevailing party" means:

C  
O  
P  
Y



(A) a plaintiff that has succeeded in obtaining a decision on the merits or a court ordered decree on a significant claim in an action that affords the plaintiff some form of relief sought by the plaintiff in bringing the action; or

(B) a party that has succeeded in obtaining a decision by the court that the other party:

(i) brought or pursued a frivolous, unreasonable, or groundless claim or defense; or

(ii) litigated an action in bad faith.

~~(6)~~ (7) "Registrant" means a person to whom the registration of a mark under this chapter is issued and the legal representatives, successors, or assigns of the person.

~~(7)~~ (8) "Secretary" means the secretary of state or the designee of the secretary charged with the administration of this chapter.

~~(8)~~ (9) "Service mark" means a word, name, symbol, device, or combination of a word, name, symbol, or device that is used by a person, **or which the person has a bona fide intention to use**, to:

(A) identify a service, including a unique service, of a person and distinguish the person's service from the service of another person; and

(B) indicate the source of a service, even if the source is unknown.

Titles and character names and other distinctive features of radio or television programs used by a person may be registered as a service mark even though the radio or television programs may advertise the goods of the sponsor.

~~(9)~~ (10) "Trademark" means any word, name, symbol, or device or any combination of a word, name, symbol, or device that is used by a person, **or which the person has a bona fide intention to use**, to:

(A) identify and distinguish goods, including a unique product, of a person and distinguish the person's goods from goods manufactured or sold by another person; and

(B) indicate the source of the goods, even if the source is unknown.

~~(10)~~ "Trade name" means a name used by a person to identify a business or vocation of the person.

~~(11)~~ (11) "Use" means the bona fide use of a mark in the ordinary course of trade and not a use made merely to reserve a right in a mark. A mark is considered to be in use:

(A) on or in connection with a good if the:

C  
o  
p  
y



(i) mark is placed in any manner on the good, a container for the good, a display associated with the good, or a tag or label affixed to the good; or

(ii) nature of the good makes placement of the mark as described in item (i) impracticable and the mark is placed on a document associated with the good or with the sale of the good; and

(B) if the good described in clause (A) is sold or transported in Indiana.

A mark is considered to be in use on or in connection with a service if the mark is used or displayed in the sale or advertising of the service and the service is rendered in Indiana.

SECTION 4. IC 24-2-1-3, AS AMENDED BY P.L.135-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. A mark by which the goods or services of an applicant may be distinguished from other goods or services may not be registered if the mark:

(1) consists of or comprises immoral, deceptive, or scandalous matter;

(2) consists of or comprises matter that may:

(A) disparage or falsely suggest a connection with:

(i) persons living or dead;

(ii) institutions;

(iii) beliefs; or

(iv) national symbols; or

(B) bring into contempt or disrepute:

(i) persons living or dead;

(ii) institutions;

(iii) beliefs; or

(iv) national symbols;

(3) consists of or comprises the flag, coat of arms, or other insignia of:

(A) the United States;

(B) a state or municipality;

(C) the United Nations; or

(D) a foreign nation;

(4) consists of or comprises the name, signature, or portrait identifying a particular living individual, unless the individual provides written consent; or

(5) is a mark that:

(A) if used on or in connection with the goods or services of the applicant, is merely descriptive or deceptively

C  
o  
p  
y



misdescriptive of the goods or services;

(B) if used on or in connection with the goods or services of the applicant, is primarily geographically descriptive or deceptively geographically misdescriptive of the goods or services; or

(C) is primarily merely a surname.

This subdivision does not prevent the registration of a mark that is used in Indiana by the applicant and has become distinctive of the applicant's goods or services. The secretary may accept proof of continuous use of a mark by the applicant in Indiana for the five (5) years immediately preceding the date on which the claim of distinctiveness is made as evidence that the mark has become distinctive, as used on or in connection with the applicant's goods or services; or

(6) is a mark that so resembles a mark registered in Indiana or a mark ~~or trade name~~ previously used by another person in Indiana and not abandoned, as to be likely, if used on or in connection with the goods or services of the applicant, to cause deception, confusion, or mistake.

SECTION 5. IC 24-2-1-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 3.5. (a) A color mark, scent mark, flavor mark, sound mark, or three dimensional mark may be registered if the mark:**

**(1) functions as a trademark;**

**(2) is not functional; and**

**(3) has become a distinctive mark of the applicant's goods or services.**

**(b) The secretary may accept proof of continuous use of a mark listed under subsection (a) by the applicant in Indiana for the five (5) years immediately preceding the date on which the claim of distinctiveness is made as evidence that the mark has become distinctive, as used on or in connection with the applicant's goods or services.**

SECTION 6. IC 24-2-1-4, AS AMENDED BY P.L.135-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 4. (a) Subject to the limitations of this chapter, a person who uses a mark in Indiana may file in the office of the secretary, in a manner that complies with the requirements of the secretary, an application for registration of the mark. The application must be accompanied by three (3) specimens showing actual use of the mark and include the following information:**

**(1) The name and business address of the person applying for**

C  
o  
p  
y



1 registration of the mark, and:

2 (A) if the applicant is a corporation, the state of incorporation;

3 (B) if the applicant is a partnership, the:

4 (i) state in which the partnership is organized; and

5 (ii) names of the general partners, as specified by the  
6 secretary; or

7 (C) if the applicant is another form of legal entity, the  
8 jurisdiction in which the legal entity was organized.

9 (2) The:

10 (A) goods or services on or in connection with which the mark  
11 is used;

12 (B) mode or manner in which the mark is used on or in  
13 connection with the goods or services; and

14 (C) class in which the goods or services fall.

15 (3) The date on which the mark was first used anywhere and the  
16 date on which the mark was first used in Indiana by the applicant  
17 or the applicant's predecessor in business.

18 (4) A statement that:

19 (A) the applicant is the owner of the mark;

20 (B) the mark is in use; and

21 (C) to the knowledge of the person verifying the application,  
22 another person:

23 (i) has not registered the mark, either federally or in Indiana;  
24 or

25 (ii) does not have the right to use the mark either in the  
26 identical form or in such near resemblance to the form as to  
27 be likely, if applied to the goods or services of the other  
28 person, to cause deception, confusion, or mistake.

29 **(b) Subject to the limitations of this chapter, a person who has**  
30 **a bona fide intention under circumstances showing good faith of**  
31 **the person, to use a trademark or service mark in Indiana, may file**  
32 **in the office of the secretary, in a manner that complies with the**  
33 **requirements of the secretary, an application for registration of the**  
34 **trademark or service mark. The application must include the**  
35 **following information:**

36 **(1) The name and business address of the person applying for**  
37 **registration of the trademark or service mark, and:**

38 **(A) if the applicant is a corporation, the state of**  
39 **incorporation;**

40 **(B) if the applicant is a partnership, the:**

41 **(i) state in which the partnership is organized; and**

42 **(ii) names of the general partners, as specified by the**

C  
o  
p  
y



secretary; or

(C) if the applicant is another form of legal entity, the jurisdiction in which the legal entity was organized.

(2) The:

(A) goods or services on or in connection with which the mark is intended to be used;

(B) mode or manner in which the mark is intended to be used on or in connection with the goods or services; and

(C) class in which the goods or services fall.

(3) A statement that:

(A) the applicant is entitled to use the mark in Indiana;

(B) the applicant has a bona fide intention to use the mark in Indiana; and

(C) to the knowledge of the person verifying the application, another person;

(i) has not registered the mark, either federally or in Indiana; or

(ii) does not have the right to use the mark either in the identical form or in a near resemblance to the form as to be likely, if applied to the goods or services of the other person, to cause deception, confusion, or mistake.

Subject to the limitations of this chapter and the ultimate issuance of a registration for the mark, an application filed under this subsection establishes constructive use priority rights of the mark throughout Indiana. However, a mark may not be registered under this subsection unless the applicant meets the requirements under subsection (c).

(c) The applicant shall, not later than one (1) year after the date the application is filed under subsection (b), file in the office of the secretary:

(1) a verified statement that the mark is in use in Indiana; and

(2) a statement that specifies the:

(A) date on which the mark was first used anywhere; and

(B) date on which the mark was first used in Indiana; and

(3) three (3) specimens showing actual use of the mark.

If the applicant does not make a filing under this subsection within one (1) year after the date on which the application was filed, the secretary shall issue a final order refusing registration of the mark.

(d) The secretary may also require on an application

(1) a statement indicating whether an application to register a mark, parts of a mark, or a composite of a mark, has been filed by the applicant or a predecessor in the interest of the applicant in

C  
o  
p  
y





the United States Patent and Trademark Office. If an application has previously been filed in the United States Patent and Trademark Office, the applicant must provide full particulars with respect to the previous application, including the:

- (A) filing date and serial number of each application;
- (B) status of each application; and
- (C) reason or reasons for the refusal of the application or the nonregistration of the mark if an application to register the mark was finally refused registration or if an application to register the mark has not resulted in a registration; and

(2) a drawing of the mark that complies with the requirements of the secretary.

(e) The application must be signed and verified under oath, affirmation, or declaration subject to perjury laws by:

- (1) the applicant;
- (2) a member of the applicant firm or applicant limited liability company; or
- (3) an officer of the applicant corporation, association, or other form of legal entity.

The application must be accompanied by three (3) specimens showing actual use of the mark:

(f) The application must be accompanied by an application fee payable to the secretary.

SECTION 7. IC 24-2-1-13.5, AS ADDED BY P.L.135-2006, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13.5. (a) This section applies only to fanciful marks, except in cases where the other person's use tarnishes the reputation of the famous mark.

(b) An owner of a mark that is famous in Indiana is entitled, subject to the principles of equity and terms a court considers reasonable, to an injunction against another person's commercial use of the mark or trade name if the other person's use begins after the mark has become famous and the other person's use causes dilution of the distinctive quality of the mark, and to other relief provided in this section. In determining whether a mark is distinctive and famous, a court may consider factors such as:

- (1) the degree of inherent or acquired distinctiveness of the mark in Indiana;
- (2) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
- (3) the duration and extent of advertising and publicity of the mark in Indiana;

C  
o  
p  
y



(4) the geographical extent of the trading area in which the mark is used;

(5) the channels of trade for the goods or services with which the mark is used;

(6) the degree of recognition of the mark in the trading areas and channels of trade in Indiana as it relates to the use of the mark by the:

(A) mark's owner; and

(B) person against whom the injunction is sought;

(7) the nature and extent of use of the same or a similar mark by a third party; and

(8) whether the mark is the subject of a:

(A) registration in Indiana;

(B) federal registration under the Act of March 3, 1881;

(C) federal registration under the Act of February 20, 1905; or

(D) registration on the principal register.

(c) In an action brought under this section, the owner of a famous mark is entitled only to injunctive relief unless the person against whom the injunctive relief is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If willful intent is proven, the owner of the famous mark is entitled to the other remedies set forth in this section, subject to the discretion of the court and the principles of equity.

(d) A court may require a defendant to pay to the owner of a mark all profits derived from and damages suffered by reason of the use of the mark in violation of this section. ~~and, in exceptional cases, may award reasonable attorney's fees to the prevailing party.~~

**(e) A court shall award reasonable attorney's fees to the prevailing party as a result of an action brought under this section.**

~~(e)~~ **(f)** The following are not actionable under this section:

(1) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

(2) Noncommercial use of the mark.

(3) All forms of news reporting and news commentary.

SECTION 8. IC 24-2-1-14, AS AMENDED BY P.L.135-2006, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) An owner of a mark registered under this chapter may bring an action to enjoin the use of any mark in violation of section 13 of this chapter and the manufacture, display, or sale of any goods or services identified by the mark and a court of competent jurisdiction may grant an injunction to restrain the use of the mark and

C  
o  
p  
y



the manufacture, display, or sale of the goods or services as the court considers just and reasonable.

(b) A court may:

(1) require a defendant to pay to the owner of a mark all:

(A) profits derived from; and

(B) damages suffered by reason of; the wrongful manufacture, display, or sale of the goods or services; and

(2) order that the goods or item bearing the mark in the possession or under the control of a defendant in the case be delivered to an officer of the court or to the complainant to be destroyed.

**(c) In addition to amounts a court awards under subsection (b), a court shall award reasonable attorney's fees to the prevailing party.**

~~(c)~~ **(d)** In addition to amounts a court may award under ~~subsection~~ **subsections (b) and (c)**, a court may enter judgment for

~~(1)~~ an amount not to exceed the greater of:

~~(A)~~ **(1)** three (3) times the profits derived from; or

~~(B)~~ **(2)** three (3) times the damages suffered by reason of;

the intentional use of a counterfeit mark, knowing it to be a counterfeit in connection with the goods or services for which the mark is registered. ~~and~~

~~(2) in exceptional cases, reasonable attorney's fees to the prevailing party.~~

~~(d)~~ **(e)** The invocation of a right or remedy in this chapter does not affect a registrant's right to prosecution under a penal law.

SECTION 9. [EFFECTIVE JANUARY 1, 2008] **(a) IC 6-3-1-3.5, as amended by this act, applies only to taxable years beginning after December 31, 2007.**

**(b) IC 6-3-2-21, as added by this act, applies to taxable years beginning after December 31, 2007.**

C  
o  
p  
y

